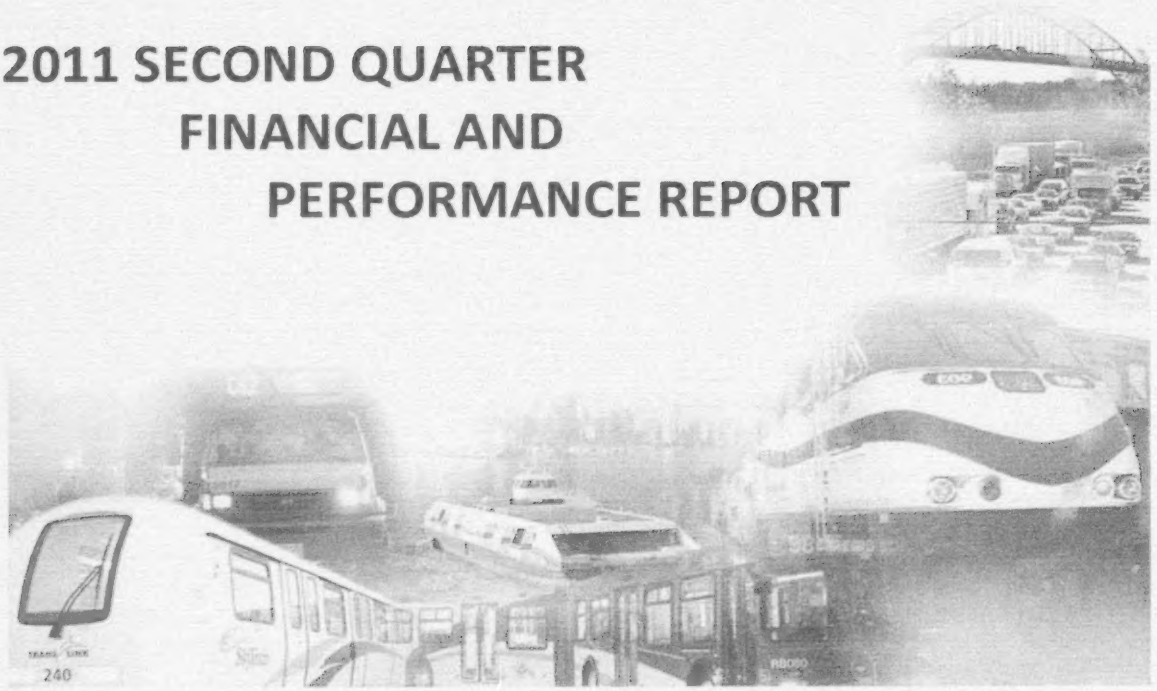
TRANS LINK

2011 SECOND QUARTER FINANCIAL AND PERFORMANCE REPORT



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1. EXECUTIVE SUMMARY

The results of the second quarter build on the favourable budget position of the first quarter, demonstrating the organization's continued focus on cost containment and efficiency improvements. The funded deficit at June 30 is $9.9 million and is $28.1 million lower than budget. By year-end the funded deficit is projected to be $40.2 million, $18.9 million below budget. The reduced deficit will result in a cumulative funded surplus of $287.8 million, $43.0 million higher than assumed in the 2011 budget. The strong results have been achieved without impacting overall service levels or customer satisfaction.

A number of key events took place during the last quarter that impacted the organization significantly. The Stanley Cup Playoffs required adjustments to service both in the bus and rail divisions to accommodate the extra crowds and transit users. The largest impact was the final game where all operations pulled together in a coordinated effort to assist other authorities during the downtown riots. It is believed these playoffs also impacted the volume of Golden Ears Bridge (GEB) traffic during the time of the discount promotion during off-peak hours. Off-peak is generally when discretionary travel is at its highest and it is believed the playoffs had an impact. Also impacting the traffic during the promotion time was weather. Precipitation in May was 97% higher this year than last, and April was 75% higher than last year. There is a link between precipitation and discretionary travel as well. The promotion ran from April 15 to May 27. Although there was an increase in traffic volumes it was not enough to cover the reduced revenue from the discounted rates.

In June TransLink launched a $200 million bond issue for a 30-year term at 4.70% all-in-cost. This is the second bond issue by TransLink and helps establish TransLink in the investment community as a benchmark in both 10 and 30 year term.

The standard U-Pass BC agreement was finalized in April and accepted by the Coalition for Post-secondary institutions (PSIs) and student societies in May. There will be ten PSIs on the program September 1, 2011.

The new "On Track" webpage was launched to provide customers with information on significant system construction and related service changes. A communication plan to the customer around the impacts of Faregate construction to better manage customers' expectations has been developed.

The Mayors Council and the Province of BC have agreed on a formula that will secure the sustainable funding necessary for TransLink to re-table the "Moving Forward" plan. As a result, work has been underway developing the 2012 Supplemental Plan and public consultation will be solicited in Q3.

Looking forward, activity around fare gates will increase and much effort will be required to ensure customer impact is kept to a minimum. Ensuring a successful launch of U-Pass this September, completion of the 2012 Supplemental Plan and Consultation activity, development of a GEB strategy, and managing through the many projects underway will continue to be a focus over the remainder of the year.

2. 2011 SECOND QUARTER OVERVIEW

The table below summarizes the 2011 revenue and expenditures results to June 30, 2011 as well as the second quarter annual forecast with a comparison to both the year-to-date and budget figures. All figures are on a funded basis. When funding adjustments exist, they are shown in the detailed tables. This allows the Board, Stakeholders, and the public to obtain a better understanding of the revenues that are available to fund annual Transit, Roads and Bridges and TransLink operating expenditures. Schedule 1 in Appendix 1 provides a more detailed summary of revenue and expenditures including GAAP amounts, schedule 2 provides reconciliation from GAAP to funded.

TransLink (Excluding AirCare)
2011 Revenue and Expenditure Summary
On a Funding Basis

$millions	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Revenues						
Transit	216.9	208.2	8.7	439.6	432.5	7.1
Golden Ears Bridge Tolls	15.7	17.7	(2.0)	35.1	37.8	(2.7)
Real Estate	-	-	-	35.0	35.0	-
Taxation	339.4	343.8	(4.4)	684.2	689.4	(5.2)
Interest Income	1.3	1.0	0.3	2.7	2.6	0.0
Senior Government Contributions	9.6	9.6	-	19.3	19.3	-
Total Revenues	**582.9**	**580.2**	**2.6**	**1,215.8**	**1,216.6**	**(0.8)**
Expenditures						
Roads & Bridges	22.9	23.6	0.8	47.5	47.1	(0.4)
Transit	405.8	417.4	11.6	838.2	849.5	11.3
Transit Police	13.2	14.1	1.0	29.1	28.7	(0.4)
TransLink	26.6	32.9	6.3	64.4	66.5	2.1
Studies & one-time projects	0.5	3.6	3.1	10.4	10.8	0.4
Provision for Contingencies and Reinvestments	-	-	-	10.1	10.1	-
Total Operating Expenditures	**469.0**	**491.7**	**22.8**	**999.6**	**1,012.6**	**13.0**
Surplus/(Deficit) before Debt Service Costs/Capital Repayments	**113.9**	**88.5**	**(20.1)**	**216.2**	**204.0**	**12.2**
Debt Service Costs	103.3	106.8	3.5	208.4	216.7	8.3
Golden Ears Bridge Capital Repayments	20.6	**19.8**	(0.8)	**48.0**	**46.5**	(1.5)
Funded Deficit	**(9.9)**	**(38.0)**	**28.1**	**(40.2)**	**(59.1)**	**18.9**
Cumulative Funded Surplus	**317.9**	**265.8**	**52.2**	**287.7**	**244.7**	**43.0**

Key Strategic Indicators

	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	4 QTRS. to 30-Jun-11	4 QTRS. to 30-Jun-10	Trend **
Customer						
Average customer satisfaction score (Customer survey)	7.7	7.6	0.1	7.6	7.5	▲
Perception of safety and security on the transit system (% scoring good to excellent in the Customer Survey)						
Conventional Bus						
OnBoard	78%	80%	(2%)	78%	78%	►
Stop/Exchange	70%	75%	(5%)	72%	69%	▲
SkyTrain						
OnBoard	63%	70%	(7%)	62%	57%	▲
Station	59%	70%	(11%)	59%	55%	▲
WCE						
OnBoard & at Stations*	80%	90%	(10%)	86%	91%	▼
Internal Effectiveness						
Operating cost per revenue passenger kilometre	$0.305	$0.338	$0.033	$0.323	$0.338	▲
Operating cost per revenue passenger kilometre (excluding energy)	$0.282	$0.314	$0.032	$0.302	$0.318	▲

* Favourable/(Unfavourable) may include rounding differences.
** Trend compares 4 quarters ending this year vs. last year.
▲ favourable, ▼ unfavourable, ► no change

3. REVENUES

TRANSIT

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Farebox	$ 53,130	$ 53,809	$ (679)	$ 109,733	$ 112,938	$ (3,205)
Prepaid Fare	122,926	106,599	16,327	239,367	215,390	$ 23,977
Prepaid Contract	35,241	42,136	(6,895)	79,448	92,687	$ (13,239)
Fares	$ 211,297	$ 202,544	$ 8,753	$ 428,548	$ 421,015	$ 7,533
Other	5,620	5,638	(18)	11,044	11,512	$ (468)
Total Transit	$ 216,917	$ 208,182	$ 8,735	$ 439,592	$ 432,527	$ 7,065
Key Performance Indicators						
Boarded Passengers (000's) *	174,425	177,424	(2,999)			
Revenue Passengers (000's) *	115,145	108,648	6,497			
Average Fare per Revenue Passenger *	$ 1.84	$ 1.86	$ (0.03)			

* Includes Conventional & Access Transit revenue and ridership

Fares

Second Quarter Highlights and Forecast

Transit fare revenue is $8.8 million higher than budget year-to-date, and is forecasted to be $7.5 million above budget at year-end.

Farebox revenue includes cash fares on all transit services. Farebox cash is slightly under budget with lower Bus and Canada Line revenue being offset by higher SeaBus, SkyTrain and West Coast Express revenues. The year-to-date variance includes increased revenues from the Stanley Cup Final run during the months of May and June.

The year-end unfavourable variance of $3.2 million below budget reflects continued Farebox revenue migration to Prepaid Fares, as well as possible rise in public transit usage caused by higher gas prices.

Prepaid Fares include FareSavers, FareCards (Monthly Passes), Day Passes, Employer Passes, Community Passes, and Prepaid Fares Other (refunds).

- Year-to-date revenues for prepaid fare media is $16.3 million or 15.3 per cent above budget and is forecast to be $24.0 million or 11.1 per cent above budget by year-end. The favourable variance is attributed to the delay of post secondary schools transitioning to U-Pass BC (described in the Prepaid Contracts discussion on the following page). Sales of Two-Zone and Three-Zone FareCards have increased the most compared to other products. This may also be a reflection of more transit usage due to higher gas prices.

- Year-to-date revenues for Employer Pass Program were $0.9 million or 7.2 per cent favourable to budget and are forecasted to be $1.6 million or 6.0 per cent above budget at year end due to higher than budgeted enrollment.

Prepaid Contract revenues include Government Passes, U-Pass, and Canada Post. These revenues were $6.9 million unfavourable to budget at the end of June and are forecasted to be $13.2 million unfavourable at year-end. The largest component of the variances relate to the new U-Pass BC Program described below. There are minor variances in the old U-Pass program and Government Pass revenue is lower than anticipated.

Revenues for the new U-Pass BC program were $5.7 million or 88.5 per cent below budget. The budget assumed that the U-Pass BC program would begin at Vancouver City College (VCC) and Douglas College in February, with the remaining schools commencing in April. However, VCC did not start until March and the other schools start date will be September. The delay, plus lower than anticipated initial participation, results in a year-end forecast of $10.4 million below budget.

Risks and Challenges

Fare Evasion is an ongoing risk. TransLink's Revenue Management Committee will continue to implement initiatives to increase visibility and enforcement of fare checking, promote education, as well as continuing to monitor and track changes.

Other Revenues

Second Quarter Highlights and Forecast

Other revenue includes advertising, property rentals, park and ride fees, and various miscellaneous revenues. Other Revenue year-end forecast is under budget due to declines in Property Rentals and Miscellaneous revenues. Property rental revenue will decline due to an expired agreement which may not be renewed.

Risks and Challenges

Minimal risk, as the majority of this revenue category is based on contracts.

GOLDEN EARS BRIDGE TOLLS

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Toll Revenue	$ 15,695	$ 17,677	$ (1,982)	$ 35,089	$ 37,792	$ (2,703)
Key Performance Indicators						
Crossings	4,631	4,993	(362)	9,946	10,567	(621)
Average Toll per Crossing	$ 3.39	$ 3.54	$ (0.15)	$ 3.53	$ 3.58	$ (0.05)

Second Quarter Highlights and Forecast

The 2011 budget assumed volumes to grow by 1.5% -2.5% per month over 2010 actual monthly volumes. Although volumes are below the levels assumed in the budget, year-to-date traffic is 14 per cent more than the same time last year.

From April 15 to May 27, TransLink offered a 30% discount on tolls for all off-peak, weekend and statutory holiday crossings in order to incentivize customers to use the Golden Ears Bridge and to increase traffic and revenues. Analysis is underway to evaluate traffic patterns and the effectiveness of the initiative. Traffic may have been impacted by poor weather and the public's focus on the Stanley Cup playoffs.

Using the average toll rate experienced in June, and applying the year-to-date traffic increase over last year, revenues are forecasted to be below budget by $2.7 million.

Risks and Challenges

Although Golden Ears Bridge is experiencing year-over-year growth in traffic volumes, the most significant risk continues to be the ability for TransLink to achieve the budgeted level of revenues. Management has a task force looking aggressively at both short and long term strategies to increase revenue and reduce costs.

REAL ESTATE

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Real Estate Revenue	$ -	$ -	$ -	$ 35,000	$ 35,000	$ -

Second Quarter Highlights and Forecast

Work continues on finalizing agreements this fiscal year for four projects involving sales of surplus property as well as finalizing an agreement to establish a value capture process that will pay for an optional station on the Canada Line.

Risks and Challenges

All five revenue projects involve multiple parties and in-depth negotiations. Each property has condition such as environmental certificate of compliance and municipal approvals that must be met prior to closing.

TAXATION

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Fuel	$ 156,445	$ 161,816	$ (5,371)	$ 318,042	$ 324,300	$ (6,258)
Property & Replacement	148,061	148,081	(20)	297,047	297,192	(145)
Parking Rights	25,592	24,600	992	50,202	49,200	1,002
Hydro Levy	9,304	9,284	20	18,907	18,737	170
Total	$ 339,402	$ 343,781	$ (4,379)	$ 684,198	$ 689,429	$ (5,231)
Key Performance Indicators						
Fuel volumes (000's litres)	1,043.0	1,078.8	(35.8)	2,120.3	2,162.0	(41.7)

Second Quarter Highlights and Forecast

Fuel Tax

Fifteen cents per litre fuel tax is applied to gasoline and diesel fuel sales in the transportation service region, with gasoline sales being 80 per cent of total revenue. Volumes and revenues were 3.3 per cent below target at the end of the second quarter likely driven by the price of gasoline. Gasoline volumes are 6 per cent lower than the same period in 2010 and diesel volumes were 13 per cent higher.

Property and Replacement Tax

Rates have been set to meet the 2011 budget with minor variances due to appeals.

Parking Rights Tax

Revenues from parking rights tax are $1 million higher than budget year-to-date and that position is forecast to be maintained for the balance of the year. As at the end of the second quarter, TransLink was administering remittance of the parking tax from 500 active vendors and had registered 185 new vendors since taking over administration in July 2010.

Hydro Levy

The hydro level is a flat rate charged on hydro bills. Actual revenue is 1.6 per cent higher than the budget due to the growth in the region. The increase has been reflected through to the end of the year.

Risks and Challenges

Higher gasoline prices will continue to dampen fuel tax revenues. TransLink is actively monitoring fuel tax remittances and is working with the Province to improve reporting and timeliness of data.

INTEREST INCOME

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
GAAP	$ 12,443	$ 12,287	$ 156	$ 25,859	$ 26,217	$ (358)
Funding Adjustments *	(11,135)	(11,241)	106	(23,190)	(23,598)	408
Interest	$ 1,308	$ 1,046	$ 262	$ 2,669	$ 2,619	$ 50

* Funding adjustments include interest on restricted government contributions, sinking fund and debt reserve fund

Second Quarter Highlights and Forecast

With TransLink's second independent bond issue in June 2011 the surplus unrestricted cash holdings now falls more in line with budget. Interest earnings on those cash holdings are forecast to marginally exceed budget.

Risks and Challenges

Cash flow remains hard to predict. Interest rates are already low and unlikely to go lower. Risk overall remains low. A new treasury management system is being implemented that will greatly improve forecasting capabilities.

SENIOR GOVERNMENT CONTRIBUTIONS & AMORTIZATION OF DEFERRED CONCESSIONAIRE CREDIT

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
f. Senior Government Contributions						
($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Capital Contributions	1,117	26,185	$ (25,068)	177,773	176,667	$ 1,106
Operating - Canada Line	9,555	9,555	$ -	19,269	19,269	$ -
Amortization of deferred Concessionaire credit	11,471	11,417	$ 54	23,078	23,078	$ -
GAAP Contributions	$ 22,143	$ 47,157	$ (25,014)	$ 220,120	$ 219,014	$ 1,106
Funding Adjustments*	(12,588)	(37,602)	25,014	(200,851)	(199,745)	(1,106)
Operating Contributions	$ 9,555	$ 9,555	$ -	$ 19,269	$ 19,269	$ -

* Funding adjustments represent senior government contributions to the capital spending program which reduce borrowing requirements, and the concessionaire credit for Canada Line

Second Quarter Highlights and Forecast

Operating contributions for Canada Line are on target with the budget

Risks and Challenges

Minimal

4. OPERATING EXPENDITURES

ROADS AND BRIDGES

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Bridge Operations	$ 608	$ 847	$ 239	$ 1,666	$ 1,694	$ 28
Major Road Network (MRN) Operations	16,335	16,414	79	32,645	32,829	184
Capital Infrastructure Contributions	10,590	32,246	21,656	72,025	67,571	(4,454)
Contingency	-	258	258	517	517	-
Total MRN & Bridges Operations	$ 27,533	$ 49,765	$ 22,232	$ 106,853	$ 102,611	$ (4,242)
Golden Ears Bridge	$ 5,737	$ 6,023	$ 286	$ 12,430	$ 11,950	$ (480)
Albion Ferry	$ 199	$ 100	$ (99)	$ 257	$ 100	$ (157)
Roads & Bridges Before Funding Adjustments	$ 33,469	$ 55,888	$ 22,419	$ 119,540	$ 114,661	$ (4,879)
Funding Adjustment*	$ (10,590)	$ (32,246)	$ (21,656)	$ (72,025)	$ (67,571)	$ 4,454
Total Funded Roads & Bridges	$ 22,879	$ 23,642	$ 763	$ 47,515	$ 47,090	$ (425)

* Contributions mainly to municipalities and the Province for infrastructure improvements

Second Quarter Highlights and Forecast

MRN and Bridge operations expenditures are slightly favourable to budget due to timing of contingency funds being used. Contingency funding is provided for known additions to the MRN that is dependent on when municipalities complete the work. The annual forecast is similarly under budget.

The Golden Ears Bridge favourable variance year-to-date is due to timing of expenditures, and by the end of the year, there is expected to be a $480,000 unfavourable variance. This is due mainly to costs associated with the extension of the Langley QuickPass Customer Service Centre, scheduled to close in April 2011, but extended for a year to April 2012. Other factors contributing to the unfavourable variance relate to increased telecommunication and tolling system maintenance costs.

The Albion Ferry was taken out of service on July 31, 2009. Management has been working with a broker to complete a potential sale of the vessels as well as developing contingency plans to seek alternative disposal methods in the event the sale does not complete.

2011 Initiatives

TransLink was unable to reach an agreement with the City of New Westminster and Coquitlam on the United Boulevard Extension facility concept so the project will not proceed.

Determinations of long-term plans for the Pattullo Bridge are a priority for 2011 and are presently underway. Seismic upgrading of the Knight Street Bridge will be completed in 2011. The final phase of the Seismic Upgrade work is underway and scheduled for completion by October 31, 2011.

TransLink is planning an upgrade of the Golden Ears Bridge tolling system within the year to allow compatibility with the Port Mann Bridge's tolling system technology.

Risks and Challenges

There is pressure from the municipalities to provide more operating, maintenance, rehabilitation (OMR) funding to make up the shortfall between the current TransLink OMR funding levels and actual OMR costs being experienced by the municipalities for roads and for major structures on the MRN. OMR costs for the latter are not currently funded by TransLink.

The higher Canadian dollar makes vessels less favourable to prospective foreign buyers. TransLink continues to explore other options for the vessels. There is an environmental risk because the vessels contain diesel fuel and have the potential for spills. This risk is mitigated through routine maintenance and inspection.

TRANSIT

Operating Activity and Performance – Consolidated Transit Service

Transit Service operations is evaluated using established key performance indicators that are linked to the goals, objectives and strategies of the organization. Conventional System includes Bus service, SeaBus, SkyTrain, Canada Line, and West Coast Express. Access Transit includes HandyDART and the TaxiSaver Program. Improving or declining performance trends are determined by comparing the four-quarters ending June 30, 2011 to the four-quarters ending June 30, 2010 (hereinafter referred to as the "trend").

CONSOLIDATED TRANSIT SERVICE (INCLUDING OLYMPICS)	Q2 YTD Actual	Q2 YTD Target	Fav./ (Unfav.)*	4 QTRS. to 30-Jun-11	4 QTRS. to 30-Jun-10	Trend ****
CUSTOMER						
Overall performance rating (out of 10) (Conventional System)	7.7	7.6	0.1	7.6	7.5	▲
Complaints per 1 million boarded passengers (Conventional System)	86.4	76.7	(9.7)	89.6	81.5	▼
Complaints per 1 million boarded passengers (Access Transit)	858.4	787.4	(71.0)	883.1	1,036.7	▲
CONVENTIONAL SYSTEM						
Operating cost per passenger kilometre **	$0.305	$0.338	$0.033	$0.323	$0.338	▲
Operating cost per passenger kilometre (excluding energy) **	$0.282	$0.314	$0.032	$0.302	$0.318	▲
Operating cost per total vehicle kilometre **	$5.54	$5.87	$0.33	$5.66	$5.59	▼
Average fare per revenue passenger	$1.84	$1.88	($0.04)	$1.91	$1.89	▲
Operating Cost Recovery ***	52.24%	48.06%	4.18%	50.70%	49.80%	▲
Passenger injuries per 1 million boarded passengers	2.12	n/a	n/a	3.02	3.72	▲
ACCESS TRANSIT						
Operating cost per revenue passenger	$33.32	$34.58	$1.26	$33.84	$34.62	▲
Operating cost per service hour	$77.76	$79.81	$2.05	$77.67	$80.55	▲
Passenger injuries per 1 million boarded passengers	24.67	18.31	(6.36)	20.60	15.57	▼
SERVICE						
Service Hours (Conventional System)	3,139,905	3,126,746	13,159	6,307,053	6,294,402	▲
Service Hours (Access Transit)	301,650	300,934	716	597,525	502,332	▲
Service kilometres (Conventional System)	74,728,476	74,082,103	646,373	149,787,982	147,794,956	▲
PASSENGERS						
Revenue passengers (Conventional System)	114,440,532	107,953,185	6,487,347	218,623,618	203,839,777	▲
Revenue Passengers (Access Transit)	703,993	694,525	9,468	1,371,366	1,168,908	▲
Boarded Passengers (Conventional System)	173,655,445	176,659,551	(3,004,106)	344,935,271	335,912,654	▲
Boarded Passengers, including Taxi passengers (Access Transit)	770,052	764,539	5,513	1,505,017	1,284,813	▲

* Favourable/(Unfavourable) may include rounding differences.

** Total operating cost includes Subsidiary costs plus TransLink allocated costs.

*** Total operating revenue/total operating cost, excluding debt service.

**** Trend compares 4 quarters ending this year vs. last year.

▲ favourable, ▼ unfavourable, ▶ no change

Second Quarter Highlights and Forecast

Customer Service

As part of the ongoing customer service performance tracking survey, transit customers are asked to rate how well the transit system, and each of the transit modes that they have used in the past 30 days, performs in terms of "overall service." As of the end of the second quarter, the year-to-date score given to the conventional transit system in terms of Overall Service is 7.7 out of 10 on averages. This score is identical to that of the same period one year ago. This is positive given that one year ago our rating was mostly influenced by the post-Olympic period.

Complaints per 1 million boarded passengers for the conventional transit system is a modified measure for this year (last year was per 10,000 boarded passengers). This will give greater relevance to the measure of complaints. The number of complaints is unfavourable to the second quarter targets. Additional channels to log complaints and commendations are now available using social media such as "Twitter", which makes it easier for the customer to communicate. The top two categories of complaints are "overcrowding and pass-ups" and "early and late bus arrivals".

Access Transit complaints per one million boarded passengers are higher than the second quarter target year-to-date and are trending positively.

Conventional System

The operating cost per passenger kilometre is $0.033 or ten per cent favourable to target year-to-date. The favourable variance reflects an increase in ridership, along with the positive impact of cost containment initiatives that continue to be implemented by TransLink and its subsidiaries. Operating cost per passenger kilometer (excluding energy) shows a favourable variance of $0.032 or ten per cent.

The operating cost per total vehicle kilometre is $0.33 below budget or six per cent favourable. This is the result of lower fuel costs, lower overtime costs and continued cost containment initiatives. The slight negative trend is the result of increased costs due to inflation, wage increases year over year while keeping the service levels at status quo with no expansion.

The average fare per revenue passenger is lower than target by $0.04 or two per cent. The measure has declined from the first quarter and is of significant concern. A formal revenue management committee has been created, reporting directly to the executive, to develop and implement strategies for reducing revenue leakage.

The operating cost recovery is 4.2 per cent favourable to target. This indicator is showing a positive trend of .9 per cent.

Passenger injuries per million boarded passengers for the first six months of 2011 were 2.12, and are trending favourably.

Access Transit

The operating cost per revenue passenger is $1.26 favourable to target. This is mainly due to a negotiated reduction in fixed costs and an increase in revenue passengers. The trend is showing positively.

Operating cost per service hour is $2.05 favourable to target. This is mainly due to a negotiated reduction in contractor fixed costs and a slight increase in the number of service hours.

Reported passenger injuries in the second quarter were similar to quarter one. Passenger injuries per million boarded passengers are 24.67 for the six months ending June 30. Significant actions have been implemented by the service contractor to address passenger injuries and safety in general. These include re-fresher training on passenger securement and driver safety. Additionally a Director of Safety has just been appointed by the contractor.

Service

Delivered service hours for conventional transit for the first half of 2011 are 13,159 above target. This is partially due to the Service Optimization initiative to reallocate resources to more productive routes. These service optimization initiatives are ongoing and will impact each new service schedule throughout the year differently as the increases and decreases are not equal and offsetting in each schedule. The December, 2010 and April, 2011 changes decreased conventional bus service by 600 hours and reduced community shuttle service by 5,300 hours for a total decrease of 5,900 hours. The balance of the increase is made up of additional SkyTrain service during the peak hours and the Stanley Cup playoff period.

Conventional service kilometers are showing a first quarter increase for the same reason as explained for the service hour increase.

Access Transit service hours is slightly ahead of the year-to-date target as the HandyDART provider continues to attract passengers back to the service after the work stoppage in late 2009 and early 2010. The trend reflects the work stoppage impact on the prior period.

Passengers

Actual revenue passengers are 6.5 million ahead of target and boarded passengers are down 3.0 million for the first six months of 2011. An adjustment of 2.6 million revenue passengers was added to the first quarter results due to an incorrect calculation used in determining U-Pass customers. The reason for the lower actual boarded passengers compared to target is the use of more current estimates for transfer rates for the Vancouver Transit Centre starting in January 2011. These rates are not reflected in the target numbers since those values were based on 2010 ridership estimates. The trend for both measures is positive.

Both revenue (1.4%) and boarded passengers (0.7%) for Access Transit are above target for 2011, and are both trending upward.

Bus Division

Context/Overview

The second quarter for CMBC was generally steady state business as usual once the organizational changes from February were finalized. The first half of the year saw a continuation of a number of key initiatives including the anti-idling program, PowerSmart improvements, Service Optimization service changes, the bus camera installations, planning for the second SeaBus replacement and Hamilton Transit Centre, and hands on bus vendor vehicle demonstrations and trials. CMBC staff was also involved in supporting enterprise initiatives like the Compass card, Faregate construction and communications, fare evasion measures, and investigating ancillary revenue opportunities. The second quarter also saw the addition of the new President and General Manager, Haydn Acheson, who joined CMBC in mid-May and the hosting of the International Bus Benchmarking Group's (IBBG) annual conference at Vancouver Transit Centre in June. CMBC was also invited to and did take on the presidency of IBBG for the 2011/2012 term.

The Bus Division's results to the end of the second quarter are under budget by $7.1 million. Major items generating a favourable variance within CMBC Operations are lower overtime costs, material costs on revenue vehicles and fuel costs plus timing of maintenance program expenditures. Managing overtime and workforce productivity are a focus in both Service Delivery and Fleet Maintenance. Diesel fuel is favourable due to better utilization rates and lower prices through to March when global prices rose above budgeted rates. The secured futures contracts in place through the period of higher market prices buffered the cost impacts for majority of the diesel used. CNG fuel and facility utilities' natural gas costs are lower than budgeted due to favourable natural gas contracts entered into in late 2010. Contracted Transit Service's Access Transit is favourable due to lower contractor fixed costs negotiated to correspond to existing service levels.

The forecast for the Bus Division to the end of the year is $6.6 million below budget. The forecast includes the year to date favourable variances for wages, salaries, vehicle repair materials and utilities and the results for other non-timing items. The forecast is slightly less than the year to date results due mainly to managing operator staffing levels and attrition rates, the timing of fleet and infrastructure maintenance activities, and expected diesel fuel market prices. Overtime use is expected to increase over the summer vacation and operator consolidated sign up period. The price of diesel through the end of the year for unsecured volumes is forecast to be higher than budgeted

Financial Performance

Operating Expenditures ($000s)	YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Forecast	Annual Budget	Variance Fav/(Unfav)
CMBC						
Operations	$ 144,539	$ 145,605	$ 1,067	$ 296,219	$ 297,362	$ 1,142
Maintenance	70,438	75,440	5,002	150,237	154,379	4,142
Indirect/Administration	14,938	14,300	(638)	25,128	24,731	(397)
Subtotal	229,915	235,345	5,431	471,585	476,472	4,887
Fuel	23,944	25,054	1,110	50,575	51,515	940
Total	$ 253,859	$ 260,399	$ 6,540	$ 522,160	$ 527,987	$ 5,827
Contract Community Shuttle						
Operations	$ 1,400	$ 1,404	$ 3	$ 2,988	$ 2,822	$ (166)
Maintenance	260	217	(42)	519	436	(82)
Indirect/Administration	336	349	13	658	699	41
Subtotal	1,996	1,970	(26)	4,165	3,957	(208)
Fuel	407	360	(47)	853	719	(133)
Total	$ 2,403	$ 2,330	$ (73)	$ 5,017	$ 4,676	$ (341)
West Vancouver						
Operations	$ 3,453	$ 3,540	$ 87	$ 7,183	$ 7,254	$ 70
Maintenance	1,487	1,493	7	2,991	2,985	(6)
Indirect/Administration	767	768	1	1,530	1,536	6
Subtotal	5,707	5,801	94	11,704	11,774	71
Fuel	958	922	(36)	2,018	1,843	(175)
Total	$ 6,664	$ 6,723	$ 58	$ 13,722	$ 13,618	$ (104)
Conventional Transit	$ 262,926	$ 269,452	$ 6,526	$ 540,899	$ 546,281	$ 5,382
Access Transit						
Operations	$ 12,386	$ 12,323	$ (64)	$ 24,421	$ 24,579	$ 157
Maintenance	1,158	1,237	79	2,319	2,492	173
Indirect/Administration	8,534	9,144	610	17,371	18,451	1,080
Subtotal	22,078	22,704	625	44,112	45,522	1,410
Fuel	1,378	1,313	(65)	2,838	2,626	(212)
Total	$ 23,456	$ 24,017	$ 561	$ 46,950	$ 48,148	$ 1,198
Total Bus Division						
Operations	$ 161,778	$ 162,871	$ 1,093	$ 330,812	$ 332,016	$ 1,204
Maintenance	73,343	78,388	5,045	156,066	160,292	4,227
Indirect/Administration	24,575	24,561	(14)	44,687	45,416	730
Subtotal	259,696	265,820	6,125	531,565	537,725	6,160
Fuel	26,686	27,648	962	56,284	56,704	420
Total	$ 286,382	$ 293,469	$ 7,087	$ 587,849	$ 594,429	$ 6,580

Second Quarter Highlights and Forecast

The following sections discuss actual and forecast financial results and highlights performance indicators with significant variances. Appendix 2 provides a listing of all indicators.

Coast Mountain Bus Company

CMBC's results for the second quarter year-to-date are under budget $6.5 million and the forecast for the year is to be under budget by $5.8 million.

Operations are $1.1 million favourable year-to-date. Reduced wage expenditures reflect lower overtime, short-term vacancies and the continuing focus on management of non-productive time. The remainder of the year is expected to be on budget. New operator hiring and training is required to replace attrition and retirement related vacancies, and continued reductions in overtime will be difficult to maintain over the summer vacation and operator sign-up periods.

Maintenance costs are under budget by $5 million year-to-date due to lower repairs and material usage than originally assumed in the maintenance work plan, reduced overtime and lower utilities costs. Some repair campaigns have had to be deferred to the latter part of the year due to supplier part availability. The year-to-date savings will be reduced as a result, with annual expenditures forecast at $4.1 million under-budget.

Indirect/Administration costs are $638,000 unfavourable, mainly due to pre-retirement leave, severance and banked time payouts. Lower than planned WorkSafe BC and Canada Pension Plan rates have generated savings that will continue through the year. The year-to-date over expenditure is projected to decrease to $397,000 by year-end.

Fuel had a favourable variance of $1.1 million with $332 thousand due to $0.02/litre lower average diesel fuel prices and $574 thousand favourable diesel usage variance (540,000 fewer litres consumed). There was also a favourable variance of $239 thousand on CNG due to lower natural gas prices. The price and volume savings are forecast to continue, and year-end results are projected to be $940,000 favourable.

Complaints per million boarded passengers are unfavourable year-to-date. Additional tracking systems such as Twitter and the Web Mobile (for PDA hand-held users) link to the Webform have increased the amount of feedback submissions from our customers.

Preventable collision per million kilometres is tracking favourable with preliminary results for the second quarter.

The favourable mean distance between vehicle failures is being driven by new vehicles and preventative maintenance practices.

The total spills per million kilometres are unfavourable year-to-date. Coolant spills remain relatively consistent at 58% of the total spills however the remedy expected has been delayed by the manufacturer.

Assaults per million service hours are unfavourable. There have been 4 more assaults than in the second quarter of 2010 and the trend is increasing.

Lost time frequency is tracking low year-to-date due to the timing of processing claims and the trend is improving. This measure's history will change due to the timing of finalizing WorkSafe BC claims.

Contracted Services

Contract Community Shuttle

Contract Community Shuttle's variance is $73 thousand unfavourable as a result of higher vehicle maintenance expenses of $42 thousand and higher diesel fuel costs of $47 thousand. The fuel and maintenance overages are expected to continue through the year and additional labour costs will result with the New Westminster replacement contractor. Contract Community Shuttle is forecast to be over-budget by $341,000 by year-end.

West Vancouver

Higher fuel expenditures and lower wages are expected to continue through the year, resulting in an annual forecast of $104,000 unfavourable

Access Transit

Access Transit has a $561,000 favourable variance year-to-date. Lower negotiated contractor fixed costs have generated $610,000 in savings. Diesel fuel prices are higher than budget, with a resulting $65,000 overage. Lower contractor costs and higher fuel prices are projected for the balance of the year, resulting in a forecasted $1.2 million favourable variance.

Complaints per million boarded passengers are higher than target year to date but have a favourable trend. In order to increase HandyDART fleet productivity, the contractor is delivering more trips with the approved service hours. This has resulted in a small decrease in on-time performance and is reflected in the increased number of "vehicle running late" complaints from customers.

2011 Initiatives

Customer

A vehicle cleanliness scheduling process has been implemented at all locations so interior cleans are now triggered by time and mileage and are measured to ensure on-time and leveled scheduling. Inspections have been divided into two categories, major and minor, to increase the number of buses that go through the process.

New transit wayfinding signage is being designed and will be implemented in the near future.

CMBC Security has increased foot patrols in loops and terminus to improve safety.

Faregate construction communications on the "OnTrack Projects" web page includes information on affected bus operations at the SkyTrain stations.

The anti-idling campaign continues to expand. As of March 2011, the actual idling rate was 11% of operating time which represents a relative idling reduction of 22% when compared to 2009 levels for the same month. The successful implementation of this program has resulted in reduced fuel consumption and associated cost savings.

Implementation of the Phase 2 Bus Camera expansion on the trolleys and Nova diesel/diesel hybrids at Vancouver Transit Centre (VTC) is complete and installations will start at Port Coquitlam (PTC) in July. Over 400 cameras have been added to the fleet and the project is on track to complete by the end of the year.

Financial

Continue fare enforcement through staff and participate in fare evasion programs through a Transit Security presence in key areas at key times – the target of 8,000 customers checked per month is being met.

Internal Effectiveness

2011 PowerSmart capital upgrades at Burnaby Transit Centre (BTC) currently in the design phase will consist primarily of new lighting and building automation systems. Continuous optimization equipment and monitoring will also be installed at BTC. The continuous optimization program for VTC completed the audit phase of the program and progressed to implementation of recommended optimization. Both STC and RTC are in the initial phase of the optimization program.

The development of more effective driver logon and dispatch measures is underway in support of the delivery of real-time transit information.

People

Cooperative program has been undertaken with WorkSafe BC, TransLink, BCRTC and CMBC to develop a strategy to reduce WCB injuries. The first formal meeting of Steering Committee was held in May 2011. A joint session is planned for July to discuss streamlining the claims management process and reducing the average duration of claims.

Risks and Challenges

The major risks to achieving both the 2011 budget and forecast are:

- Higher diesel fuel prices for unsecured volumes.
- The outcomes of the 2011 labour contract negotiations with CAW and COPE.
- Adverse winter weather in excess of normal conditions later in the year.

Ongoing operational challenges through to the end of 2011 include:

- A number of manufacturer warranty campaigns are underway for vehicles, and while most costs are recoverable from suppliers, the planning and completion of the work divert resources away from other operational activities and objectives.
- The retirement and attrition of operators and the effective coordination of the timing of hiring and training of replacements to avoid overtime costs or service disruptions.
- The Service Optimization initiative's service changes have impacts on the different depot area service levels and service types that affect staffing and training requirements.
- BC Place construction and the temporary use of Empire field by the BC Lions and Vancouver Whitecaps involves added security, transit supervisors, and additional service.
- Managing any bus service impacts or supporting any SkyTrain service impacts from the numerous SkyTrain upgrade projects and fare gate construction at stations.

Rail Division

Context/Overview

During the first half of 2011, the Rail Division had solid financial result, delivered increased service kilometres, continued to maintain a high level of service with increased ridership, executed the CUPE collective bargaining terms ratified on April 4th, successfully responded to the demands during the Stanley Cup Playoffs, continued to prepare for the new trains coming off of warranty starting in the third quarter, and continued to make progress on its goals and initiatives.

Throughout the Stanley Cup playoffs, SkyTrain (Expo, Millennium and Canada Lines) delivered increased service levels with, additional maintenance and repair schedules, as well as increased cleaning and trash removal. On June 15th, together with Transit Police and the Bus Division, staff provided people with a quick and safe way out of Vancouver's downtown core when the riots broke out. Specifically, the Expo and Millennium Lines delivered an additional 146,400 vehicle kilometers and incurred incremental operating costs of $0.2 million during the Stanley Cup playoffs.

Overall, results for the first half of 2011 for the Rail Division were favourable with a positive $1.7 million, or 1.6%, operating cost variance. These results included $1.3 million of retroactive wage increases and Canada Line labour billing adjustments. Fuel and hydro propulsion costs for the Rail Division were $0.6 million below budget at $6.1 million for the first half of 2011. The favourable variance is due to a lower hydro actual base cost per kilometre compared to budget and diesel fuel prices at West Coast Express being lower than budget.

The forecast to the end of the year for the Rail Division is $0.7 million below budget. This includes the unbudgeted wage increases from the ratified collective agreement of $0.6 million. Fuel and hydro costs are projected to be $0.8 million lower than budget due to a lower rate for hydro being forecasted for the remainder of 2011 offset by diesel fuel prices that are expected to increase by 25 per cent over the January – June overage price. The transfer of assets and future amortization being recorded by TransLink effective July 1, 2011 resulted in a $0.5 million favourable variance.

Financial Performance

Operating Expenditures ($000s)	YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Forecast	Annual Budget	Variance Fav/(Unfav)
SkyTrain - Expo & Millennium Lines						
Operations Costs	$ 12,274	$ 11,939	$ (335)	$ 24,532	$ 23,886	$ (646)
Maintenance Costs	22,296	22,634	338	47,705	46,997	(708)
Indirect/Administration	3,367	3,399	32	7,293	7,187	(106)
	37,937	37,972	35	79,530	78,070	(1,460)
Fuel/Hydro Propulsion	5,444	5,964	520	11,360	12,165	805
Amortization	328	409	81	591	1,031	440
Post Employee Benefits	2,141	2,141	-	4,283	4,283	0
Total	$ 45,850	$ 46,486	$ 636	$ 95,764	$ 95,549	$ (215)
SkyTrain - Canada Line						
Operations Costs	$ 46,790	$ 47,099	$ 309	$ 98,793	$ 99,102	$ 309
Maintenance Costs	214	238	24	515	542	27
Indirect/Administration	374	526	152	806	911	105
	47,378	47,863	485	100,114	100,555	441
Fuel/Hydro Propulsion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Total	$ 47,378	$ 47,863	$ 485	$ 100,114	$ 100,555	$ 441
Automated Light Rapid Transit	**$ 93,228**	**$ 94,349**	**$ 1,121**	**$ 195,878**	**$ 196,104**	**$ 226**
West Coast Express						
Operations	$ 5,256	$ 5,396	$ 140	$ 10,465	$ 10,718	$ 253
Maintenance	2,185	2,396	211	4,238	4,342	104
Indirect/Administration	933	1,058	125	2,121	2,194	73
	8,374	8,850	476	16,824	17,254	430
Fuel	664	736	72	1,493	1,472	(21)
Amortization	17	-	(17)	17	49	32
Total	$ 9,055	$ 9,586	$ 531	$ 18,334	$ 18,775	$ 441
Total Rail Division						
Operations Costs	$ 64,320	$ 64,434	$ 114	$ 133,790	$ 133,706	$ (84)
Maintenance Costs	24,695	25,268	573	52,458	51,881	(577)
Indirect/Administration	4,674	4,983	309	10,220	10,292	72
	93,689	94,685	996	196,468	195,879	(589)
Fuel/Hydro Propulsion	6,108	6,700	592	12,853	13,637	784
Amortization	345	409	64	608	1,080	472
Post Employee Benefits	2,141	2,141	0	4,283	4,283	-
Total	**$ 102,283**	**$ 103,935**	**$ 1,652**	**$ 214,212**	**$ 214,879**	**$ 667**
Retail Revenue	$ 277	$ 297	$ 20	$ 517	$ 590	$ 73

Second Quarter Highlights and Forecast

The following sections discuss actual and forecast financial results and highlights performance indicators with significant variances. Appendix 2 provides a listing of all indicators.

Expo/Millennium Line

SkyTrain's Expo and Millennium Lines operations, maintenance and indirect/administration costs for the first half of 2011 of $37.9 million were overall in line with budget. Each of these expenditures was impacted by the unbudgeted wage increases as a result of the ratified terms of the union settlement. Operations costs were over budget due to overtime for additional customer service support during maintenance activities and the Stanley Cup Playoffs and training in control. Maintenance costs were impacted by costs associated with inspections and repairs of elevators and escalators offset by Bombardier warranty recoveries and timing differences for vehicle maintenance repairs and vehicle cleaning. The change to a negative annual forecasted variance of $1.5 million is anticipated due to the wage related increases and execution of maintenance programs in the second half of the year.

The total operating cost per total vehicle kilometre of $2.05 was lower than the target of $2.15 due to the contract settlement, warranty recoveries and lower than anticipated hydro costs. This measure also reflects the impact of increased peak, week-end, and Stanley Cup playoff service.

The mystery shopper score of 93.9% exceeds the target by 3.9%. The most improved areas were related to the stations and customer information phones. Customer complaints per one million boarded passengers at 4.42 are favourable to the target of 5.00. The majority of complaints received in the first half of 2011 were related to customer service and stations/parkways.

The major passenger injuries per one million boarded passengers result in the first half of 2011 of 1.48 was lower than the first quarter result of 1.78, but remains higher than the target of 1.10. The majority of injuries continue to result from slips and falls on stairs and escalators. A pilot program aimed at reducing passenger injuries on stairs and escalators has been initiated at Burrard Station.

Mean distance between failures of 348,368 significantly exceeded the target of 250,000; however this ratio is down from the first quarter result of 374,086. Some new 1300/1400 series MKII vehicles were pulled due to propulsion failures, and BCRTC is working with Bombardier to resolve this matter.

One derailment occurred in the first six months of 2011 causing the 0.04 result. The derailment happened in the yard where the trains are run manually. Damage was minor and the results of the investigation into the incident are being assessed.

Lost time frequency for the first six months of 2011 of 3.54 is higher than the target of 2.12 and the prior four quarters of 3.00. However, the result for the second quarter of 2011 of 2.35 is trending downward from the prior four quarters average and is significantly below 4.75 in the first quarter of 2011.

Canada Line

Operating costs for the first six months of 2011 were ($0.5 million) under budget. The favourable variance is the net result of the excess performance payment contingency not being utilized, the ridership rebasing study delay and the retroactive labour adjustment. The annual forecasted favourable variance of $0.4 million assumes that the budgeted contingency on the performance payment will be utilized due to expected excess ridership volume payments. As well the inflation adjustment on the labour index component of the performance payment will increase.

Operating cost per revenue vehicle kilometre of $15.92 was below the $16.64 target due to net expenditure savings described earlier. However, the 2011 result is higher than the average prior four quarters of $15.68 due to the cap on the contractual payment being increased from 80% of the base to 92% in October 2010.

Complaints per one million boarded passengers of 14.23 for first half of 2011 have decreased from the average for prior four quarters of 18.11. This result is corroboration of the ongoing commitment to improve customer service.

The contract adherence monitoring result of 95.7% was below target of 98.5%, but is the highest this measure has been in the last four quarters. The most improved areas were attendants/field supervisors, ticket vending machines and customer service phone.

West Coast Express

At West Coast Express, operations, maintenance and indirect/administrative expenditures for the first half of 2011 were $0.5 million below budget. This was due to savings in operations and administrative expenditures, and timing differences related to maintenance work. Annual costs are forecasted to be $0.4 million below budget, due to the elimination of weekend and adjusted weekday TrainBus services, and savings in administrative and maintenance costs.

Operating costs per total vehicle kilometer of $12.26 and per passenger kilometer including and excluding energy of $0.188 and $0.175, respectively were favourable to target due to cost savings and timing differences in maintenance programs. In addition, the 6.2% increase in passenger kilometres has improved the passenger kilometer ratios.

The year-to-date overall mystery shopper score of 89.7% was 3.2% higher than target. This score is now the highest it has been in five years due to continued customer focus and the new train cars added into service in September 2010 to address overcrowding. Similar to quarter one complaints per million customers exceed the target. This indicator has been impacted by the introduction of more rigorous system for categorizing and tracking customer concerns and complaints. The majority of the complaints were due to cancellations, train schedule changes, and requests for increased number of train runs.

There were three terminus delays during the first six months of 2011 that resulted in mean distance between failures (MDBF) of 233,274, which is unfavourably ahead of our target of 152,000.Two of the delays resulted from separate equipment failures.

2011 Initiatives

Customer

A strategy is being developed to help ensure customer needs during Faregate construction are properly addressed.

Development of the test version of the Automated Customer Service Announcement strategy to address performance issues is underway.

Enhancements and improvements to the 'OnTrack' communications strategy that was developed to minimize customer impacts during significant system construction and service changes are ongoing.

To address customer concerns around safety, online customer safety training materials are drafted, and the development of computer based training and pilot program are half complete. Also, BCRTC has partnered with BC Safety Authority (BCSA) to deliver passenger safety messaging on the station platforms.

Financial

The energy consumption review and audit sponsored by the BC Hydro Power Smart program is complete for the OMC Building, each of the SkyTrain passenger stations and WCE Coquitlam station. The report to SkyTrain identified six initiatives, including an Energy Management Policy that has since been issued.

Internal Effectiveness

BCRTC is the prime contractor for faregates and other capital projects where contractors are working inside TransLink/BCRTC properties. The prime contracting team has developed an operational framework and final design review (FDR) is scheduled for the third quarter of 2011.

A Project Change Request to initiate Faregate construction at the Canada Line stations has been issued.

The installation of the CCTV video recording equipment on the new MKII trains is partially complete and is expected to be in revenue service by the end of 2011.

The transition of BCRTC's HRIS to PeopleSoft has commenced and is expected to be complete by April 2012.

Review of vendor proposals for an integrated data management system for safety, security and environment needs has begun.

People

Development of a Learning Management System with supervisory report enhancements continue and the Employee Annual Recertification Program for all departments is underway.

Online training for field operations staff has been successfully completed at the reporting locations resulting in increased accessibility and reduced overtime.

Risks and Challenges

The outcome of CMBC's 2011 labour negotiation with CAW will impact CUPE 7000 employees due to a comparative wage increase clause in the collective agreement ratified in April 2011. This will also impact Canada Line performance payments.

The potential high costs associated with the Canada Line change order and schedule for construction of Canada Line's faregates. Work is ongoing to finalize the change order and schedule.

Maintenance costs for both staff and parts as the new MKII vehicles and seven new WCE bi-level trains come off warranty could be higher than anticipated. To help mitigate part related costs, desirable unused spare parts will be purchased from Bombardier at substantially reduced prices.

Construction impacts of the faregates at the stations for customers and safety are probable. All contractors are required to present a Passenger Mitigation Plan (PMP) for each station and station area where customers may be impacted. As several stations may be under construction concurrently the hiring of monitors and safety analysts to watch over the multiple work sites may be a significant challenge; the hiring of temporary Faregate construction guides has begun.

BCRTC continues to oversee and manage external developers building adjacent to SkyTrain routes to ensure successful integration and the safety of passengers with existing staff. As operational, engineering or maintenance employees are called upon to provide additional customer support, monitor contractors or provide technical support available resources for regular work are reduced. An integration agreement for Plaza 88 has been executed.

Maintenance repair costs will increase due to system failures if an equipment upgrade or retrofit (capital) project is postponed or deferred. Proactive maintenance strategies are used when appropriate to minimize service disruptions, however, the added costs will involve spare parts and overtime from unscheduled call-outs.

Unexpected operating issues due to the automatic train control (ATC) upgrade that is expected be operational in the latter part of 2013. Training for the new system will commence in the fourth quarter.

Property Tax, Rentals, Fare Media and Insurance

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Insurance	$ 3,319	$ 3,451	$ 132	$ 6,722	$ 7,040	$ 318
Fare Media	1,373	1,444	71	2,817	2,888	71
Property Taxes	3,971	6,123	2,152	8,546	12,247	3,701
Property Rentals	8,849	9,408	559	18,645	19,071	426
Others	1	-	(1)	1	-	(1)
Total	$ 17,513	$ 20,426	$ 2,913	$ 36,731	$ 41,246	$ 4,515

Second Quarter Highlights and Forecast

These costs are administered and managed by TransLink. Property taxes are showing a $2.1 million favourable variance year-to-date and an annual forecast favourable variance of $3.6 million as the result of exemption received for Canada Line properties. Property rental costs for CMBC are forecast to be below budget by $426 thousand. Insurance costs continue to track favourably, with the actual insurance rates becoming available for the quarter three forecast.

Risks and Challenges

Insurance rates are likely to increase due to global events. TransLink will work to negotiate the lowest rates possible.

TRANSIT POLICE

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Admin	$ 1,394	$ 1,754	$ 360	$ 3,573	$ 3,493	$ (80)
Operations	511	664	153	1,554	1,287	(267)
Salaries	11,342	11,762	420	24,124	24,025	(99)
Recoveries	(82)	(64)	18	(197)	(127)	70
Total	$ 13,165	$ 14,116	$ 951	$ 29,054	$ 28,678	$ (376)

Second Quarter Highlights and Forecast

The year-to-date expenditures are $1 million under budget with the annual forecast expected to be $0.4 million unfavourable. Operations are expected to exceed budget due to backfilling of the vacant Chief Officer and Deputy Chief Officer positions with secondments from Vancouver Police Department (VPD).

Salaries will exceed budget due to the 3 per cent wage increase awarded to unionized staff (COPE) of $0.5 million offset by savings from the vacant Chief Officer and Deputy Chief positions being filled by secondments from VPD.

Administration costs will exceed budget largely due to legal costs associated with Police Act Investigations being greater than planned offset by savings in training costs and IT costs.

Recoveries will have a favourable variance due to additional TACT Troop recoveries and the unplanned extension of a constable secondment to IGTF.

Risks and Challenges

Legal costs may exceed budget (Administration costs) by a significant amount. As predicting Police Act investigations and estimating legal fees is extremely difficult.

TRANSLINK

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Board, Mayors' Council, Commissioner	$ 657	$ 805	$ 148	$ 1,466	$ 1,608	$ 142
Divisons						
CEO	427	453	26	914	939	25
COO	10,748	13,407	2,659	26,934	27,493	559
Customer & Public Engagement	3,427	4,177	750	8,309	8,341	32
CFO - Finance, Corporate Services & Real Estate	4,417	4,925	508	9,858	9,871	13
Planning and Policy	3,005	4,739	1,734	8,632	9,672	1,040
Human Resources	1,122	1,341	219	2,688	2,755	67
Total Divisions	23,146	29,042	5,896	57,335	59,071	1,736
General	2,918	3,218	300	6,502	6,198	(304)
Other	360	3,450	3,090	9,495	10,431	936
Total TransLink Corporate	$ 27,081	$ 36,515	$ 9,434	$ 74,798	$ 77,308	$ 2,510

Second Quarter Highlights and Forecast

TransLink Corporate

Expenditures for the first half of 2011 for TransLink Corporate are under budget by $9.4 million. The forecast to the end of the year is $2.5 million below budget. The $6.9 million change is primarily due to timing differences in spending on capital project feasibility studies and planning initiatives (i.e. Transport 2045, rapid transit studies, trip diary and regional screenline surveys), as well as hiring that will occur in the last half of the year.

Board, Mayors' Council, Commissioner

The annual forecast variance of $142 thousand is due to a Commissioner adjustment from 2010.

Corporate Divisions and General

TransLink Corporate Divisions and General are under budget by $6 million year-to-date. Timing differences in marketing and research, computer systems licensing fees and consulting services for Planning and IT Divisions account for the majority of the year to date favourable variance with the balance due to lower salary expenses for vacant positions not yet filled.

The annual forecast is expected to be $1.4 million under budget. The majority of the savings are related to hiring delays and not filling vacant positions. Other savings are lower than anticipated consulting services for Road & Infrastructure Planning and Strategic Planning and Policy.

Other (including studies, one-time projects, Capitalization of direct salary costs on Capital Projects)

This category has a $3 million favourable year-to date variance, due to delays in spending on studies, Federation of Canadian Municipalities (FCM) Loan Projects, Transport 2045 plan development and SmartCard non-capitalized initiatives.

The annual forecast is indicating a variance of $0.9 million (1%), comprised of minor savings on various studies (including capital project feasibility studies), planning projects and increased recoveries of salary costs for staff working on capital projects. The forecast assumes studies will be completed at their budgeted levels by the end of the year. This may not be possible and it is likely the forecast will be reduced in the third quarter.

2011 Initiatives

Customer

Social media is playing a large role in keeping transit customers engaged. During the period April 1 – June 30 statistics show that Twitter followers have increased 39 per cent, Facebook "friends" have increased 17 per cent, and TransLink's Foursquare account has gone to over 25,000 followers, an increase of 58 per cent.

In early May, a TravelSmart promotion with Air-miles increased registrations from 3,000 to over 8,400 (a 280 per cent increase).

The Customer Service project charter and project plan have been developed and advisory panel members identified

The standard U-Pass BC agreement was finalized on April 14, 2011 and accepted by the Coalition for Post-secondary institutions (PSIs) and student societies on May 8, 2011. In addition to the two PSIs already participating, notice has been received from eight PSIs that they will be joining the program as of September 1, 2011.

Real-time transit information pilot (Phase I) is expected to be released to the public on September 6th. The detailed project design, infrastructure analysis and planning, and test environment for Phase I were completed in June.

Public consultations on the South of Fraser rapid transit study and the UBC rapid transit study were completed in June.

Financial

A new business strategy and business plan for the Real Estate department is being prepared for this fall.

At the June meeting the TransLink Board approved the change from the existing Not-for-Profit organization framework to Public Sector Accounting Board (PSAB) standards.

Phase2 of the Murray Clark Connector Business Case Study was completed and the results led to the decision to not include the project in the 2012 Moving Forward Supplemental Plan.

Stakeholders

Discussions between the Mayors Council and the Province around a mutually agreed upon sustainable funding strategy continued through the second quarter and were supported by TransLink staff. By the end of June the discussion had resulted in the development of a funding framework and the drafting of a formal letter of offer from the Province. Agreement was reached in July and TransLink is putting forward the "Moving Forward

Supplemental Plan" to deliver on the terms of that agreement. The Moving Forward Supplemental Plan will be presented to the Mayors Council for approval by early October.

A mini fare review was initiated to inform smart card technology and implementation decisions.

An interim Park and ride policy was established to determine if additional parking stalls could be provided at the South Surrey Park & Ride. Renovations and reconfiguring are under way to add 61 new stalls. This should be completed by September 5th.

A GHG Offset Purchase Agreement was developed and signed June 8th with Pacific Carbon Trust.

Transport 2045 analytical and modeling work was initiated and the Transport 2045 background research program was implemented

June Service Optimization Initiatives (SOI) was implemented and September changes are being built into schedules.

The Infrastructure Policy development is complete and internal consultation is nearing completion.

Internal Effectiveness

Investment in IT resources - Positions approved on February 15, 2011 are proceeding through the hiring process. A check point was conducted in June to assess further resource requirements for the balance of the year.

Network upgrade activity will continue to occur throughout 2011, to coincide with capacity and transaction volume growth requirements.

The selection process is nearing completion for the new budget and planning software system. It is anticipated that this will be completed in the next quarter.

An internal software program was completed and fully implemented in June to administer the parking tax revenue.

A Treasury Management System is being implemented with anticipated completion by October, 2011.

Review of the ERM system, to include developing risk dashboard indicators is scheduled to be completed by September, 2011. Risk Management System migration underway and expected to be complete by year end.

Implement electronic workflow for capital approval, Phase I of the capital approval electronic workflow project (requirements study/solution research/funding case) has been completed. Capital funding has been approved to start phase 2 (system implementation).

A Sustainability Decision Making Tool has been finalized.

People

The transition of BCRTC exempt staff to the enterprise compensation program and role profile system is currently underway, as well as the implementation of PeopleSoft HRIS at BCRTC.

One Management in Motion (MIM) management development course took place in the 2nd quarter, and there will be an additional one offered in September.

A review is being conducted of the BCRTC web-based training (SkyLearn) system to determine how to use on an enterprise basis. A curriculum for Employees in Motion (EIM) employee development program is being developed which will also include online training courses.

Risks and Challenges

The findings of the IT security audit confirmed that progress has been made on reducing IT risk, but work remains to further advance IT risk management.

A Payment Card Industry (PCI) compliance audit is underway and action plans will be identified to deal with any weaknesses.

Companywide consistent and effective change management techniques are required to build employee engagement.

Emerging priorities have redirected staff resources from Transport 2045 development, delaying the project launch and reducing opportunities for Executive and Board engagement.

Hiring delays impacted the initiation of several items in the work program. In addition, securing appropriately skilled resources to meet the project work load is a risk and challenge.

5. DEBT SERVICE COST

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
GAAP						
Interest Expense	$ 84,859	$ 86,498	$ 1,639	$ 169,042	$ 172,040	$ 2,998
Depreciation Expense	76,342	81,349	5,007	156,490	166,977	10,487
Total GAAP Debt Service	$ 161,201	$ 167,847	$ 6,646	$ 325,532	$ 339,017	$ 13,485
Funding Adjustments*						
Interest Expense	(32,714)	(32,709)	5	(65,831)	(65,831)	-
Depreciation Expense	(71,930)	(76,122)	(4,192)	(146,557)	(154,352)	(7,795)
Debt Repayment	46,729	47,760	1,031	95,271	97,835	2,564
Total Funding Adjustments	$ (57,915)	$ (61,071)	$ (3,156)	$ (117,117)	$ (122,348)	$ (5,231)
Funded Debt Service Costs	$ 103,286	$ 106,776	$ 3,490	$ 208,415	$ 216,669	$ 8,254
GEB Capital Payments**	20,599	19,795	(804)	47,952	46,452	(1,500)

*Funding adjustments include costs related to government funded capital assets

** Monthly scheduled installment payments to GCGP for repayment of the capital cost incurred by the GCGP

Second Quarter Highlights and Forecast

Interest savings are partly due to the refinancing of $235 million of MFA debt which was budgeted at a rate of 4.5%. It was expected that the MFA would refinance for the remaining amortization period of the debt which averages around 8.5 years. The MFA actually refinanced this debt for 5 years at a rate of 3.05% which resulted in a $1.4 million favourable variance. The remainder of the savings is from Interest During Construction (IDC), expected to be approximately $2 million higher than budgeted due to expected delays in capitalizations.

Depreciation expense also has favourable variances because of delayed capitalizations. This favourable variance has been reduced from Q1 due to the change in the estimated service lives of some of the older diesel buses which were previously being amortized over 20 years and are now being amortized over 17 years. This change in estimate has resulted in a $4 million adjustment in 2011.

Debt repayments are favourable to budget as the 2011 debt requirements are being financed over a 30 year period. A shorter period was assumed in the budget.

The budget for GEB capital payments (which are indexed to Canadian CPI) assumed inflation would stay at around 2%. Over the last few months Canadian inflation has been exceeding 3% (year-over-year) which has pushed up the actual payments for the 1st half of 2011. The forecast assumes that inflation will stay at a high rate for the remainder of the year.

Risks and Challenges

Interest expense is most sensitive to the timing of capital project cash flows. These remain hard to predict. The implementation of a new Treasury Management System this will help mitigate this risk.

The GEB payments are subject to inflation, which if higher than anticipated will be difficult to pass on to the bridge users through higher tolls.

Interest risk on MFA refinancing is partly mitigated by the sinking funds.

6. AIRCARE

This is a restricted fund used to capture the revenue and expenditures of the AirCare vehicle emissions testing program. Under legislation, the program must recover all of its costs over a five-year period, including annualized equipment costs.

Financial Performance

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Revenue	$ 9,498	$ 9,789	$ (291)	$ 18,114	$ 18,405	$ (291)
Expenditures						
Variable	$ 8,638	$ 8,636	$ (2)	$ 17,274	$ 17,271	$ (3)
Semi-Variable/Fixed	755	1,019	264	1,802	2,012	210
Depreciation	186	226	40	412	452	40
Total Expenditures	$ 9,579	$ 9,881	$ 302	$ 19,488	$ 19,735	$ 247
Surplus / (Deficit)	$ (81)	$ (92)	$ 11	$ (1,374)	$ (1,330)	$ (44)

Key Performance Indicators

	Q2 YTD Actual	Q2 YTD Target	Fav./ (Unfav.)	4 QTRS. To 30-Jun-11	4 QTRS. To 30-Jun-10	Trend
Complaints per 10,000 vehicles tested	6.42	n/a	-	6.68	6.94	▲

▲ favourable, ▼ unfavourable, ▶ no change

Second Quarter Highlights and Forecast

In the Second quarter of 2011, revenue is $0.3 million below budget due to 2.5% (6,169) fewer inspections and total expenditures are $0.3 million below budget. The majority of this favourable variance is the result of savings in compensation costs and depreciation costs.

The revenue is expected to maintain at the budgeted level for the remainder of the year. The expenditures will have a small favourable variance. Majority of the expenditure is the contractor costs which is set for this 5-year term. Total compensation will be lower than the budget with one employee seconded (half of the year) to GVRD.

Risks and Challenges

Minimal financial risk as a $3 million surplus is projected for 2012. A positive cumulative surplus will remain at the conclusion of AirCare III.

7. CAPITAL

Capital Program Summary
June 30,2011
(all $ in thousands)

Projects by Classification	Number of Projects	Current Budget	Opening Bal. Jan 1/11	2011 YTD Actual Total	Actual Costs to Date	Forecasted Costs to 2014	Final Project Forecast Total[2]	Variance to Project Total	External Funding
ACTIVE PROJECTS - ALL DIVISIONS[1]									
Equipment	14	86,896	62,304	5,346	67,650	16,777	84,427	2,469	-
Facilities	17	132,148	76,908	4,855	81,763	37,048	118,811	13,337	90,604
Infrastructure	41	419,734	95,570	19,484	115,054	291,789	406,843	12,891	163,808
Major Construction Projects	2	573,580	558,005	8,576	566,581	6,120	572,701	879	-
Minor Capital Account	5	1,916	1,349	37	1,386	55	1,441	475	23,927
Technology Applications	31	37,756	8,084	2,024	10,108	26,858	36,966	790	4,754
Vehicles Conventional Revenue	16	815,590	724,930	2,648	727,578	77,126	804,704	10,886	301,440
Vehicles Other Revenue or Non Revenue	6	22,958	7,014	191	7,205	15,240	22,445	513	16,234
Total Active Projects	**132**	**2,090,578**	**1,534,164**	**43,161**	**1,577,325**	**471,013**	**2,048,338**	**42,240**	**600,767**

[1] *Inclusive of subsidiary capital*

[2] *Breakdown per period:*

Gross costs to date, Jan 1, 2011:	1,562,519
Projects removed*	(22,076)
Net costs to date, Jan 1, 2011	**1,540,443**
Closed projects during 2011	(6,279)
Costs incurred during 2011	43,161
Total actual costs to date	**1,577,325**
Forecasted costs to 2014:	471,013
Final Project Forecast Total:	**2,048,338**

* *Contribution type projects are removed from capital reporting*

Projects by Classification	Number of Projects	Current Budget	Final Project Forecast Total	External Funding
APPROVAL-IN- PRINCIPLE PROJECTS - ALL DIVISIONS[1]				
Equipment	4	2,800	2,800	-
Facilities	2	50,150	50,150	-
Infrastructure	8	13,180	13,180	3,542
Major Construction Projects	1	9,000	9,000	-
Technology Applications	15	6,065	6,065	-
Vehicles Conventional Revenue	2	63,135	63,135	49,886
Vehicles Non Revenue	1	225	225	-
Total remaining approval in principle projects	**33**	**144,555**	**144,555**	**53,428**

[1] *Inclusive of subsidiary capital*

	Number of Projects	Current Budget
ACTIVE PROJECTS		
Opening Balance, January 1, 2011	111	2,048,849
Additions (Specific Project Approval - Initiated)	46	87,529
Other (i.e. non AIP projects, cancellations)	(9)	(36,750)
Closed	(16)	(9,050)
Total Active Projects, June 30,2011	**132**	**2,090,578**
APPROVAL IN PRINCIPLE PROJECTS	33	144,555
Total Capital Program, June 30, 2011	**165**	**2,235,133**

ACTIVE PROJECTS

Second Quarter Highlights and Forecast

The major components of the forecasted $42.2 million favourable variance are:

Equipment: Variance of $2. 5 million

- West Coast Express Ticket Vending Machines Replacement is expected to be under budget by $0.8 million as a result of savings in the contract award.
- CCTV Camera on Buses is expected to be under budget by $1.4 million due to savings in contract award and pricing.

Facilities: Variance of $13.3 million

- SkyTrain Operating & Maintenance Centre Expansion is expected to be under budget by $9.9 million primarily due to savings in vehicle yard construction costs ($4.2 million), favourable design and construction contract pricing ($2.8 million) and the unused project contingency (2.7 million).
- Burnaby Transit Centre North Renovations is expected to be under budget by $2.2 million due to reduced scope and roof replacement savings.

Infrastructure: Variance of $12.9 million

- The Knight Street Bridge Seismic Upgrade is expected to be under budget by $1.1 million due to savings from competitive tender prices secured on construction work.
- Contract award and other miscellaneous savings in the Main Street Pedestrian ($0.6 million), Trolley Rectifier Station ($0.7 million) and Wayfinding ($0.7 million) projects.
- The Canada Line Bus Loops project is expected to be under budget by $4.9 million primarily due to the cancellation of the Brighouse bus loop ($2.0 million) and unused project contingencies ($2.5 million).
- The first phase of the Broadway SkyTrain Station Upgrade is expected to be under budget by $4.4 million primarily due to contract award and supervision cost savings ($1.7 million) and unused contingencies ($2.2 million)

Vehicles – Conventional Revenue: Variance of $10.9 million

- SkyTrain Mark II Vehicle Expansion (48 vehicles) is expected to be under budget by $5.9 million, mainly due to unused project contingencies ($1.1 million), vehicle testing costs being absorbed by the vendor ($1.9 million) and lower interest during construction ($2.3 million)
- Other fleet projects, including WCE cars and bus fleet expansion and the Bus Technology Demonstration project are forecasted to be $3.8 million under-budget, due to unused contingencies ($0.8 million) higher demonstration project recoveries ($0.8 million) lower material costs and contract pricing ($1.9 million) and other miscellaneous savings ($0.4 million).

APPROVAL IN PRINCIPLE PROJECTS

Second Quarter Highlights and Forecast

In the six months ending June 30, 2011, over 58% of the Approval in Principle (AIP) projects was initiated. Significant projects not yet initiated at the end of the second quarter include:

- 100-400 Series MK-I Overhaul - Refurbish and Modernize ($55 million) – currently still in the project design stage with anticipated SPA approval in September.
- Trolley Overhead, Non-Revenue Vehicle and Community Shuttle Relocation ($50 million) – Progress on this project is pending completion of real estate transactions.

MANAGEMENT OF THE CAPITAL ENVELOPE

The approval in principal stage is based on an estimated project budget, in advance of detailed design and scoping. Specific project approval budgets may be higher or lower than the Approval in Principle budgets. Monitoring project variances in the active projects program helps to manage the overall capital envelope. Under spent funds available may be employed against high-priority projects that are currently not in the capital program but warrant immediate attention due to strategic, safety or regulatory requirements. Lastly, management will consider further prioritization and deferral of projects if required to ensure the capital envelope is balanced.

8. FINANCIAL POSITION AND CASH FLOW

The Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows as of June 30, 2011 are included in Appendix 1. A brief analysis of those statements is presented below.

FINANCIAL POSITION

Total assets have increased by $175 million. Cash and short-term investments increased by $160 million accounting for the majority of the change. Debt sinking funds also increased by $36 million. These increases were partly offset by a decrease in capital assets of $45 million. During the spring TransLink obtained $200 million from a bond issue. As a result, long-term debt has increased by $196 million.

LIQUIDITY/CASH FLOW

Cash from operations was $27 million negative for the first six months. Net cash for the period was $169 million reflecting the receipt of $122 million in restricted gas tax funds which was mainly put into short term investments and the $198 million net bond proceeds. The bond proceeds are being used to pay down the short-term borrowing with some of the funds also being put into short-term investments. Purchases of capital assets amounted to $35 million and contributions to debt sinking funds were $28 million.

9. APPENDIX 1 – FINANCIAL RESULTS

TransLink (Excluding AirCare) **Schedule 1**
2011 Revenue and Expenditure Summary Statement
On a Funding Basis
$000's

A. Revenues and Expenditures

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)	2011 GAAP Budget
Revenues							
Transit	216,917	208,182	8,735	439,592	432,525	7,067	432,525
Golden Ears Bridge Tolls	15,695	17,677	(1,982)	35,089	37,792	(2,703)	37,792
Real Estate	-	-	-	35,000	35,000	-	35,000
Taxation							
Fuel	156,445	161,816	(5,371)	318,042	324,300	(6,258)	324,300
Property	139,061	139,163	(102)	278,884	279,192	(308)	279,192
Hydro Levy	9,304	9,284	20	18,907	18,737	170	18,737
Parking Sales	25,592	24,600	992	50,202	49,200	1,002	49,200
Replacement Tax	9,000	8,919	81	18,163	18,000	163	18,000
Total Taxation	**339,402**	**343,782**	**(4,380)**	**684,198**	**689,429**	**(5,231)**	**689,429**
Interest Income	1,308	1,046	262	2,669	2,619	50	26,217
Senior Government Capital Contributions	-	-	-	-	-	-	176,666
Senior Government Operating Contributions	9,555	9,555	-	19,269	19,269	-	19,269
Amortization of deferred Concessionare credit	-	-	-	-	-	-	23,078
Total Revenues	**582,877**	**580,242**	**2,635**	**1,215,817**	**1,216,634**	**(817)**	**1,439,976**
Expenditures							
Roads & Bridges							
Major Road Network Operations	16,944	17,520	576	34,828	35,040	212	35,040
Golden Ears Bridge Operations	5,737	6,023	286	12,430	11,950	(480)	11,950
Capital Infrastructure Contributions	-	-	-	-	-	-	67,571
Albion Ferry	199	100	(99)	257	100	(157)	100
Total Roads & Bridges	**22,880**	**23,643**	**763**	**47,515**	**47,090**	**(425)**	**114,661**
Transit							
Bus Division							
Coast Mountain Bus Company	253,859	260,399	6,540	522,160	527,987	5,827	527,987
Access Transit	23,456	24,017	561	46,950	48,148	1,198	48,148
Other Contractors	9,067	9,053	(14)	18,739	18,294	(445)	18,294
Total Bus Division	**286,382**	**293,469**	**7,087**	**587,849**	**594,429**	**6,580**	**594,429**
Rail Division							
Expo and Millenium Lines	45,522	46,092	(570)	95,173	94,518	655	95,549
West coast Express	9,038	9,586	(548)	18,317	18,726	(409)	18,775
Canada Line	47,378	47,863	(485)	100,114	100,555	(441)	100,555
Total Rail Division	**101,938**	**103,541**	**1,603**	**213,604**	**213,799**	**195**	**214,879**
Property tax, rentals, fare media & insurance	**17,513**	**20,426**	**2,913**	**36,731**	**41,246**	**4,515**	**41,246**
Total Transit	**405,833**	**417,436**	**11,603**	**838,184**	**849,474**	**11,290**	**850,554**
TransLink	**27,080**	**36,514**	**9,434**	**74,799**	**77,308**	**2,509**	**77,308**
Transit Police	**13,165**	**14,116**	**951**	**29,054**	**28,678**	**(376)**	**28,678**
Provision for Contingencies and Reinvestments	-	-	-	**10,075**	**10,075**	-	**10,075**
Interest Expense	**52,145**	**53,789**	**1,644**	**103,211**	**106,209**	**2,998**	**172,040**
Depreciation Expense	**4,412**	**5,227**	**815**	**9,933**	**12,625**	**2,692**	**165,897**
Debt Repayment	**46,729**	**47,760**	**1,031**	**95,271**	**97,835**	**2,564**	-
GEB Capital Payments	**20,599**	**19,795**	**(804)**	**47,952**	**46,452**	**(1,500)**	-
Total Expenditures	**592,843**	**618,280**	**25,437**	**1,255,994**	**1,275,746**	**19,752**	**1,419,213**
Annual Surplus/(Deficit) before other items	**(9,966)**	**(38,038)**	**28,072**	**(40,177)**	**(59,112)**	**(18,935)**	**20,763**
Other Items							
Foreign Exchange	(10)	-	(10)	(10)	-	(10)	-
Loss on disposal of capital assets	(19)	-	(19)	-	-	-	-
Annual Surplus/(Deficit) before AirCare	**(9,937)**	**(38,038)**	**28,101**	**(40,167)**	**(59,112)**	**(18,925)**	**20,763**

B. Cumulative Funded Surplus

Opening Balance	**327,882**	**303,806**	**24,076**	**327,882**	**303,806**	**24,076**
(Surplus) / Deficit for the year	(9,937)	(38,038)	28,101	(40,167)	(59,112)	18,945
Closing Balance	**317,945**	**265,768**	**52,177**	**287,715**	**244,694**	**43,021**

South Coast British Columbia Transportation Authority
Consolidated Statement of Financial Position
(Unaudited)
(in thousands of dollars)

June 30, 2011 with December 31, 2010 comparative figures

	Jun 30 2011	Dec 31 2010
Assets		
Current assets:		
Cash	$ 168,879	$ 109,928
Short-term investments	216,447	114,607
Accounts receivable	214,763	197,551
Supplies inventory	36,396	36,335
Prepaid expenses	13,860	8,672
	650,345	467,093
Interfund	-	-
Long-term investments	20,352	20,509
Debt reserve deposits	41,465	40,857
Debt sinking funds	483,461	447,855
Capital assets	4,484,383	4,528,955
Other assets	304	-
Deferred financing charge	1,885	1,975
	$ 5,682,195	$ 5,507,244
Liabilities and Fund Balances (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 151,466	$ 203,658
Short term loan	150,000	90,000
	301,466	293,658
Employee future benefits	54,232	51,491
Deferred concessionaire credits	673,169	684,641
Golden Ears Bridge contractor liability	1,013,762	1,000,845
Long-term debt	2,370,303	2,173,943
Deferred lease inducements	750	-
	4,413,682	4,204,578
Fund balances (deficit):		
Invested in capital assets	953,960	1,160,213
Externally restricted	174,074	178,825
Unrestricted surplus (deficit)	140,479	(36,372)
	1,268,513	1,302,666
	$ 5,682,195	$ 5,507,244

South Coast British Columbia Transportation Authority
Consolidated Statement of Cash Flows
(Unaudited)
(in thousands of dollars)

Six months ended June 30, 2011 with comparative figures for 2010

	Jun 30 2011	Jun 30 2010
Cash provided by (used for):		
Operations:		
Deficiency of revenue over expenses	$ (34,153)	$ (18,555)
Items not involving cash	79,416	87,612
Changes in non-cash working capital	(71,912)	(191,409)
	(26,649)	(122,352)
Investing:		
(Increase) decrease in short-term investments	(101,840)	2,926
Decrease (increase) in long-term investments	157	(417)
Increase in debt reserve deposits	(608)	(605)
Net proceeds from disposal of capital assets	2,784	566
Purchase of other assets (lease commission)	(304)	-
Purchase of capital assets	(34,721)	(59,247)
	(134,532)	(56,777)
Financing:		
Short-term loan proceeds (net)	60,000	179,000
Issue costs on short-term financing	(412)	(2,569)
Long-term debt proceeds	200,000	-
Issue costs on long-term financing	(2,532)	-
Contributions to debt sinking funds		
- annual contributions	(28,388)	(28,337)
- interest earned	(9,286)	(8,562)
Lease inducements received	750	-
	220,132	139,532
Increase (decrease) in cash	58,951	(39,597)
Cash, beginning of period	109,928	86,664
Cash, end of period	$ 168,879	$ 47,067
Supplementary information:		
Interest paid	72,027	57,195
Repayment of long-term debt through debt sinking funds	2,068	2,016

South Coast British Columbia Transportation Authority
Consolidated Statement of Cash Flows
(Unaudited)
(in thousands of dollars)

Six months ended June 30, 2011 with comparative figures for 2010

	Jun 30 2011	Jun 30 2010
Items not involving cash:		
Amortization of capital assets	$ 76,528	$ 75,802
Amortization of bond discount	960	856
Amortization of debt issue cost	502	225
Amortization of deferred concessionaire credits	(11,472)	(11,418)
Interest accretion on contractor liability	12,917	22,005
Gain on disposal of capital assets	(19)	(155)
Non-controlling interest in income of TPCC	-	297
	$ 79,416	$ 87,612
Changes in non-cash working capital:		
Increase in accounts receivable	$ (17,212)	$ (159,721)
Increase in supplies inventory	(61)	(3,202)
Increase in prepaid expenses	(5,188)	(138)
Decrease in accounts payable and accrued liabilities	(52,192)	(30,528)
Employee future benefit payable	2,741	2,180
	$ (71,912)	$ (191,409)

Schedule 2

Reconciliation of Cumulative Funded Surplus

Opening Balance - 2011 (Based on 2010 Q3 Forecast)	$ 303,806
Reverse: 2010 Q3 Forecast	8,473
Actual Balance as of Jan 1, 2010 (Audited)	312,279
Add: 2010 Actual results (Audited)	15,603
Actual Balance as of Jan 1, 2011 (Audited)	$ 327,882
Add: Excess (deficiency) of revenue over expenses	(9,937)
Closing Balance - 2011 Second Quarter	$ 317,945

Golden Ears Bridge
Net Impact on Funding
($000's)

($000's)	Q2 YTD Actual	Q2 YTD Budget	Fav./ (Unfav.)	2011 Forecast	2011 Budget	Fav./ (Unfav.)
Revenues						
Toll Revenue	$ 15,695	$ 17,677	$ (1,982)	$ 35,089	$ 37,792	$ (2,703)
Interest	39	32	7	78	64	14
Total Revenues	15,734	17,709	(1,975)	35,167	37,856	(2,689)
Expenditures						
Tolling Concessionaire	2,961	2,931	(30)	6,199	5,765	(434)
O&M payments to DBFO contractor	2,070	2,100	30	4,274	4,200	(74)
O&M Insurance	589	650	61	1,198	1,300	102
Safety Payments to DBFO contractor	-	140	140	280	280	-
Others	116	202	86	478	405	(73)
	$ 5,736	$ 6,023	$ 287	$ 12,429	$ 11,950	$ (479)
Debt Service Costs	5,827	6,350	523	12,144	12,700	556
Capital payments to DBFO contractor	20,599	19,795	(804)	47,952	46,452	(1,500)
Total Expenditures	$ 32,162	$ 32,168	$ 6	$ 72,525	$ 71,102	$ (1,423)
Funded (Deficit)/Surplus	$ (16,428)	$ (14,459)	$ (1,969)	$ (37,358)	$ (33,246)	$ (4,112)
Cummulative (Deficit)/Surplus	$ (48,362)	$ (46,393)	$ (1,969)	$ (69,292)	$ (65,180)	$ (4,112)

10. APPENDIX 2 – KEY PERFORMANCE INDICATORS

Schedule 1

BUS DIVISION KPI'S	YTD Actual	YTD Budget	Fav./ (Unfav.)	4 QTRS. to 30-Jun-11	4 QTRS. to 30-Jun-10	Trend *
CONVENTIONAL TRANSIT						
Customer						
Delivered service hours/scheduled	99.77%	99.50%	0.27%	99.78%	99.83%	▶
Overall performance rating out of 10	7.7	n/a	n/a	7.6	7.6	▶
Complaints per 1 m boarded passengers	117.7	112.3	(5.4)	122.7	108.4	▼
Internal Effectiveness						
Operating cost per service hour	$ 107.26	$ 109.66	$ 2.40	$ 109.16	$ 109.07	▶
Operating cost per passenger km.	$ 0.376	$ 0.414	$ 0.038	$ 0.408	$ 0.440	▲
Operating cost (excluding energy) per passenger km.	$ 0.340	$ 0.373	$ 0.033	$ 0.370	$ 0.404	▲
CMBC						
Customer						
Delivered service hours/scheduled	99.76%	99.50%	0.26%	99.77%	99.83%	▼
Overall performance rating out of 10	7.6	7.6	-	7.6	7.6	▶
Preventable collisions per million kms.	8.3	9.0	0.7	8.7	9.6	▲
Internal Effectiveness						
Operating cost per service hour	$ 108.43	$ 110.92	$ 2.49	$ 110.44	$ 110.56	▲
Operating cost per passenger km.	$ 0.379	$ 0.418	$ 0.039	$ 0.412	$ 0.445	▲
Operating cost (excluding energy) per passenger km.	$ 0.343	$ 0.378	$ 0.035	$ 0.374	$ 0.410	▲
Mean distance between vehicle failures	30,391	24,286	6,105	30,243	25,270	▲
Total spills per million kms.	15.0	14.0	(1.0)	15.0	14.8	▼
People						
Assaults per million service hours	27.3	23.4	(3.9)	25.9	25.4	▼
Engagement Pulse Checks	n/a	60.0%	n/a	n/a	n/a	
Lost time Frequency (per 200,000 hours worked)	5.05	n/a	n/a	6.31	6.77	▲
Contract Community Shuttle						
Customer						
Delivered service hours/scheduled	99.96%	99.95%	0.01%	99.96%	99.96%	▶
Internal Effectiveness						
Operating cost per service hour	$56.51	$54.98	$ (1.53)	$ 56.17	$ 51.05	▼
Operating cost per passenger km.	$ 0.543	$ 0.555	$ 0.012	$ 0.550	$ 0.547	▶
Operating cost (excluding energy) per passenger km.	$ 0.451	$ 0.470	$ 0.019	$ 0.463	$ 0.468	▶
West Vancouver						
Customer						
Delivered service hours/scheduled	99.87%	99.95%	(0.1%)	99.87%	99.70%	▶
Internal Effectiveness						
Operating cost per service hour	$98.55	$100.23	$ 1.68	$ 98.09	$ 93.35	▼
Operating cost per passenger km.	$ 0.267	$ 0.283	$ 0.016	$ 0.271	$ 0.275	▶
Operating cost (excluding energy) per passenger km.	$ 0.229	$ 0.245	$ 0.016	$ 0.234	$ 0.242	▲
ACCESS TRANSIT						
Customer						
Complaints per 1 m boarded passengers	858.4	787.4	(71.0)	883.0	1,036.7	▲
Internal Effectiveness						
Operating cost per service hour	$77.76	$79.81	$ 2.05	$ 77.67	$ 80.55	▲
Operating cost per boarded passenger	$ 30.46	$ 31.41	$ 0.95	$ 30.84	$ 31.49	▲
Operating cost per passenger km. **	$ 6.25	$ 6.31	$ 0.06	$ 5.62	$ 9.02	
Operating cost (excluding energy) per passenger km. **	$ 5.89	$ 5.97	$ 0.08	$ 5.31	$ 8.64	
Service Hours (Delivered 000's)						
Conventional Bus	2,107.1	2,108.2	(1.1)	4,234.0	4,279.7	▼
Community Shuttle	228.9	234.3	(5.4)	463.3	472.6	▼
SeaBus	5.3	5.3	-	10.8	11.2	▼
CMBC Total	2,341.3	2,347.7	(6.4)	4,708.0	4,763.5	▼
Contracted Community Shuttle	42.5	42.4	0.1	85.5	84.3	▲
West Vancouver	67.6	67.1	0.5	136.3	139.5	▼
Conventional Transit Total	2,451.4	2,457.2	(5.8)	4,929.8	4,987.3	▼
Access Transit	301.7	300.9	0.8	597.5	502.3	▲

* Trend compares 4 quarters ending this year vs. last year

** Access Transit passenger km. not recorded prior to Jan 1, 2010

▲ favourable, ▼ unfavourable, ▶ no change

Schedule 2

RAIL DIVISION KPI's	YTD Actual	YTD Budget	Fav./ (Unfav.)	4 QTRS. to 30-Jun-11	4 QTRS. to 30-Jun-10	Trend *
Rail Division						
Customer						
Complaints per 1 m boarded passengers	11.99	n/a	n/a	13.07	9.79	▼
Internal Effectiveness						
Operating cost per passenger km.	$ 0.161	$ 0.172	$ 0.011	$ 0.163	$ 0.155	▼
Operating cost (excluding energy) per passenger km.	$ 0.154	$ 0.164	$ 0.010	$ 0.159	$ 0.151	▼
SkyTrain - Expo and Millenium Lines						
Customer						
Service reliability (% service hours delivered)	99.7%	99.8%	(0.1%)	99.7%	99.5%	▶
On-time performance % (within 2 minutes)	95.4%	94.5%	0.9%	95.6%	94.8%	▶
Overall mystery shopper score	93.8%	90.0%	3.8%	93.0%	91.9%	▲
Complaints per 1 m boarded passengers	4.4	5.1	0.7	4.9	5.0	▲
Major passenger injuries per 1 m boarded passengers	1.48	1.10	(0.38)	1.27	1.31	▲
Internal Effectiveness						
Operating cost per total vehicle km.	$ 2.05	$ 2.15	$ 0.10	$ 2.08	$ 2.09	▶
Operating cost per passenger km.	$ 0.117	$ 0.121	$ 0.004	$ 0.119	$ 0.119	▶
Operating cost (excluding energy) per passenger km.	$ 0.107	$ 0.110	$ 0.003	$ 0.114	$ 0.115	▶
Mean distance between failures	348,368	250,000	98,368	357,152	287,836	▲
Collisions and derailments per million km.	0.04	-	(0.04)	0.02	0.07	▲
People						
Lost time frequency (per 200,000 hours worked) **	3.54	2.12	(1.42)	3.00	3.02	▶
Canada Line * **						
Customer						
Service reliability (% service hours delivered)	100.0%	100.0%	0.0%	100.0%	100.0%	▶
Availability vehicle, station, system	100.0%	100.0%	0.0%	100.0%	100.0%	▶
Perception of security - onboard and at stations	8.6	8.5	0.1	8.6	8.6	▶
Complaints per 1 m boarded passengers	14.2	-	(14.2)	16.8	12.0	▼
Quality - vehicle, station, system	99.4%	100.0%	(0.6%)	99.6%	99.8%	▶
Internal Effectiveness						
Operating cost per revenue vehicle km.	$ 15.92	$ 16.64	$ 0.72	$ 15.68	$ 14.06	▼
Collisions and derailments per million km.	-	-	-	-	-	
Contract adherence monitoring	95.7%	98.5%	(2.8%)	95.5%	95.8%	▶
West Coast Express						
Customer						
Service reliability (% service hours delivered)	99.8%	99.9%	(0.1%)	99.8%	100.0%	▶
On-time performance (within 5 minutes)	97.8%	97.4%	0.4%	97.3%	97.6%	▶
Overall customer satisfaction - mystery shopper	89.7%	86.5%	3.2%	89.7%	87.8%	▲
Complaints per 1 m boarded passengers	193.4	89.3	(104.10)	195.2	118.4	▼
Major passenger injuries per 1 m. boarded passengers	-	0.74	0.74	0.72	0.37	▼
Internal Effectiveness						
Operating cost per total vehicle km.	$ 12.25	$ 12.74	$ 0.49	$12.85	$12.53	▼
Operating cost per passenger km.	$ 0.188	$ 0.211	$ 0.023	$ 0.198	$ 0.188	▼
Operating cost (excluding energy) per passenger km.	$ 0.175	$ 0.195	$ 0.020	$ 0.186	$ 0.179	▼
Mean distance between failures	233,274	152,000	81,274	224,381	160,474	▲
Collisions and derailments per million km.	-	-	-	-	-	
People						
Lost time frequency (per 200,000 hours worked)	-	-	-	-	-	
Service Stats (including Olympics)						
Service Kilometres (000's)						
SkyTrain - Expo and Millennium Line	23,392	22,620	772	46,770	44,891	▲
SkyTrain - Canada Line ***	3,024	3,024	-	6,095	5,333	▲
West Coast Express	766	779	(13)	1,494	1,432	▲

* Trend compares 4 quarters ending March 31, 2011 to 4 quarters ending March 31, 2010, improving trends are >1%; negative trends are <1%, with the exception of measures using operating costs where the threshold used is < or > 2%

** One lost time accident (LTA) was a result of an incident in 2010 that had no impact until 2011. Two LTAs were a result of technicians being rear-ended in an automobile accident.

*** Canada Line results for the four quarters ending June 30, 2010 include results from when service began in August 2009.

▲ favourable, ▼ unfavourable, ▶ no change